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FISCAL IMPACT STATEMENT

LS 6860

BILL NUMBER: SB 202

NOTE PREPARED: Mar 30, 2005

BILL AMENDED: Mar 29, 2005

SUBJECT: University Bonding.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR: Rep. Buell

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill exempts all state educational institutions, except Ivy Tech State College and Vincennes University, from obtaining the approval of the General Assembly to issue bonds for research facilities if the facilities will generate sufficient revenues to meet debt service. It allows the trustees of Indiana University to issue bonds for acquisition, renovation, expansion, and improvement of the hotel facility adjacent to the conference facility on the Indianapolis campus. The bill authorizes the trustees to use up to \$200,000 of the bond proceeds for an integrated transit study for the Indianapolis campus. It also provides that certain construction projects undertaken by the trustees of a higher education institution are not subject to review by the Commission for Higher Education.

Effective Date: (Amended) Upon Passage; July 1, 2005.

Explanation of State Expenditures: *University Research Facilities Financing:* The bill authorizes the trustees of Indiana University, Purdue University, Indiana State University, the University of Southern Indiana, and Ball State University to issue bonds without the approval of the General Assembly to construct and equip research facilities at any of their campuses, provided research activities at these facilities will generate revenues from various sources at least equal to the annual debt service for the outstanding bonds. As a result, this provision will not require fee increases by, or increases in state funding to, the universities for purposes of financing these projects.

Indiana University Hotel Acquisition Financing: The bill allows Indiana University to issue bonds of up to \$31.2 M for the acquisition, renovation, expansion, and improvement of the hotel facility adjacent to the conference facility on the Indianapolis campus. The bill provides that up to \$200,000 in bond proceeds may

be used for an integrated transit study to ascertain and recommend options for increasing accessibility to the Indianapolis campus and surrounding areas. Hotel income would be used to cover the bond's cost. The approximate annual cost assuming a 30-year bond at 4% would be \$1.8 M per year.

(Revised) *Higher Education Review*: The bill removes the requirement that the Higher Education Commission review projects to construct buildings or facilities of a cost greater than \$200,000 or to purchase or lease-purchase land, buildings, of facilities where the principal value exceeds \$100,000. The projects would still require approval of the Governor and upon the recommendation of the Budget Agency. The change could reduce the cost and time of approval of projects.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana University; Purdue University; Indiana State University; the University of Southern Indiana; and Ball State University.

Local Agencies Affected:

Information Sources:

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